Conversion of Punjab State Co-operative Agricultural Development Bank into full fledged Bank

2225. SHRIMATI SUKHBUNS KAUR: Will the Minister of FINANCE be pleased to state:

(a) whether the Punjab State Co-operative Agricultural Development Bank has made a request to RBI, for allowing its conversion into a full fledged Bank;

(b) if so, the precise request made and the ground adduced in support of their demand;

(c) whether the National Co-operative Agricultural and Rural Development Banks' Federation has also demanded that Agricultural Development Banks (ADBs) be converted into full fledged Banks, if so, on what ground; and

(d) the decision taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Punjab State Cooperative Agricultural Development Bank had made a request to Reserve Bank of India for grant of licence to carry on banking business. However, RBI had advised them that since the bank is a credit society and not a bank as defined under the provisions of Banking Regulation Act 1949(AACS), it does not come under the purview of BR Act 1949 for grant of lincence. The bank was advised accordingly by NABARD vide letter dated 07 November, 2001.

(b) The ground adduced in support of their demand were as under:—

i) The decision for conversion of this bank as full fledged bank has been approved by the Board of Directors of the Bank.

ii) The bank is engaged in the financing of long term and medium term loans since 1957 and has sufficient experience in the field and stood fist in the country in the advancement of loans and recoveries many times.

iii) The bank is already accepting term deposit from public for a period ranging from one year to three years.

(c) and (d) NABARD has not received any reference from the National Cooperative Agriculture and Rural Development Banks Federation in this regard.